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## DOCUMENTS, REPORTS, AND LEGISLATION

### Industries and Commerce

A CHAMBER OF COMMERCE FOR THE NATION. The Chamber of Commerce of the United States of America has been organized for about two years and has become a recognized factor in the nation's commercial life. It has a membership of over 580 commercial organizations, which includes a good part of the really live associations out of the 6,000 or so in the country, and a steadily growing individual membership of more than 2,300; it has well-appointed offices in Washington; is increasing daily in size and influence; and has apparently the brightest prospects for becoming permanently recognized as the authorized representative of American business.

Whatever development the chamber may attain will very probably be due to its increasing use as a channel for the transmission of the business opinion of the country to the government and to the public generally. This need has long been felt among business men. While separate voices in plenty might be raised in defense of or in protest against a governmental policy and while the general feeling among business men might make itself felt unmistakably in various ways on particular occasions, there was no agency authorized to speak definitely for the business world as a whole, and the force of business opinion was consequently weakened through diffused expression. Moreover, the officials of the government were often at a loss to tell just how the country's business men felt as to a particular policy. There have been times when delegations from neighboring cities in the same state came to the Capitol urging opposite views of the same bill before Congress. It was this situation, in part, which led President Taft, in March, 1912, to sign a statement calling attention to the benefits to be derived from a chamber of commerce for the whole nation and which influenced the Secretary of Commerce and Labor to issue a general invitation to commercial associations to send representatives to a conference at Washington. That there was already much dormant interest in such a plan was shown by the responses from all parts of the country; and at the conference in May some 400 organizations were represented. Launched with much enthusiasm the chamber developed as rapidly as circumstances permitted and by September began issuing its periodical publications. The ensuing two years has seen a steady addition to the membership and the interest and enthusiasm that attended the beginning have been more than maintained. The directors at the outset recognized that the regular dues

would not bring in sufficient funds to keep the organization going until it became well established, and so set out to raise \$100,000 as a foundation fund. Up to the end of 1913 they had obtained over \$53,000. The organization, however, is not yet on its financial feet, as last year closed with a deficit of \$10,500; but it is calculated that by the end of 1914 the regular sources of revenue will be sufficient to pay all expenses.

In the beginning it was proposed to confine the membership strictly to commercial organizations, but for various reasons this rule was changed a year ago and individuals or business firms are now admitted. They must, however, be members in good standing of one of the commercial bodies in the chamber. They receive all the regular publications, may avail themselves of the facilities of the national headquarters, are eligible for all standing or special committees, and have the privileges of the floor at all meetings of the chamber, but may not vote except as delegates from an organization member. The total number of individual members is now limited to 5,000 and these are apportioned among the various commercial organizations, each of which may exceed its allotment only in case others have not filled out their own complement.

Naturally the work which the chamber is doing and will do centers around the leading purpose for which it was created; but as supplementary to that it performs something of the same service on a national scale as the local chamber of commerce does in its particular community. The activities of the chamber may, accordingly, be divided into three main lines of endeavor: (1) Furnishing an adequate method by which the business opinion of the whole country on various measures of national prominence, especially those embodied in legislative bills, may be ascertained and made effective; (2) acting as a channel for all sorts of information which would be useful to its different members; and (3) serving as a medium by which the business interests of the country may work together in extending the foreign trade. So far, however, the first two of these propositions have received most attention. The extension of foreign trade is already covered to a certain extent by the consular service and by the work of one of the large bureaus of the government, and the other two lines will form a very convenient foundation on which to base later endeavors of this nature.

The method by which the attitude of American business is determined on any particular subject is a referendum vote. While the chamber contains only some 50 per cent of the commercial bodies which it might profitably include, the members are widely scattered,

representing forty-seven states (all except New Mexico), Hawaii, Porto Rico, and the Philippines, and American commercial interests in France and Turkey through American chambers of commerce in Paris and Constantinople. The opinions of these bodies may thus reasonably be taken as representative of those of American business men in general. Any question may be proposed for a referendum vote by any member but it must be passed on by the board of directors before being sent out. If the board decides that the question is a national one and is suitable in other respects, the general secretary at Washington prints the question in pamphlet form, together with full arguments for and against and sends it out to each member. Each commercial organization is entitled to as many votes as the number of voting representatives it is permitted to send to the annual national meeting, determined by the size of the body according to a certain specified scale, but with a maximum of ten. After the question is clearly put, a straight vote of "yes" or "no" is required, so there will be no chance of confusion as to the general attitude through the expression of minor shades of opinion. The votes must all be in within forty-five days after the time the question was submitted; and if by that time one third of the voting strength has expressed its opinion and two thirds of the vote cast, representing at least twenty states, is favorable to the proposition, the will of the chamber is registered in the affirmative and the board of directors is authorized to make the action effective.

Some of the questions considered are complicated and on two or three occasions have been divided into different sections so that members would have a chance to express their views more accurately than by voting on the proposition as a whole. It is very likely that this will become the rule with most questions submitted. So far seven referenda have been held, the subjects of which were as follows: A national budget, a permanent tariff commission, the provision in the sundry civil appropriation bill exempting labor unions and agricultural societies from prosecution under the Sherman anti-trust law, the various provisions of the banking and currency bill, the proposed reorganization of the Bureau of Foreign and Domestic Commerce of the Department of Commerce, the establishment by Congress of a bureau of legislative reference and bill drafting, and the establishment of an interstate trade commission. The vote on all these propositions except the last was practically unanimous, and was affirmative in all except the third. At this writing an eighth referendum is being held, dealing with various features of anti-trust legislation.

The effect of these referenda has been somewhat difficult to measure. Definite action has followed two of them, that on the currency bill and that on the reorganization of the Bureau of Foreign and Domestic Commerce. The representatives of the chamber were enabled through the former to appear before the Senate committee giving hearings on the bill, and several changes which they advocated were made; results in the case of the latter depend largely on the action of the Senate on the pending appropriation bill, but minor suggestions made to Secretary Redfield have been acted on. The lack of immediate results, however, is not taken as indicating the ineffectiveness of a referendum, but the emphatic rendering of an opinion is considered as having a standing influence which may result in legislation after several years.

Some observers of the movement think that the most effective service to be performed by the chamber lies not in ascertaining and registering the attitude of its several members but in helping them in the furtherance of their particular ends. These ends are many and various and include a host of activities such as would naturally come under the head of everybody's business in general and nobody's in particular. So far each board of trade or commercial club has had to work out its own problems, with the aid of such suggestions as it could get by corresponding with other organizations in similar situations. The Chamber of Commerce of the United States will attempt to regulate this interchange of information and act as a clearing house for whatever knowledge is available on any particular subject. Whatever the commercial bodies of Indianapolis or Detroit may have learned in conducting trade-extension trips or in adding a manufacturing section to the city *en bloc*, can immediately be made available for the use of every organization in the country contemplating similar work. Such information is published regularly; and the chamber will also collect special and detailed data which may be requested by any member. The existence of an active and well-informed agency for the answering of any question connected with the work of a civic or commercial association will undoubtedly be of immense benefit; although the regular service, by which such information is placed constantly on the tables of commercial clubs, will doubtless form the main bulk of the work of this character.

At present two separate mediums are at work as the information carriers of the chamber. These are a monthly magazine called appropriately *The Nation's Business* and a regular bulletin service to members of the organization. The magazine is a large, readable publication with an excellent make-up, usually of about 16 pages, containing information on scores of subjects of interest to business men. At least

one page in each issue is devoted to the activities of commercial clubs, and such subjects are elaborated as occasion demands. Matters of foreign trade receive considerable attention and there are frequently notices of publications by the government, reviews of the work of federal bureaus, the scope of which is very imperfectly known by the country at large, and articles relating to the general work of the chamber itself. Perhaps the chief function of the magazine, however, is to keep its readers thoroughly informed concerning the questions affecting business that occupy the center of the national stage. The various phases of the currency question received ample discussion, and articles were published from Representative Carter Glass, Senator Owen, Joseph T. Talbert, John Perrin, and others, going thoroughly into the whole question and giving analyses of proposed provisions. Other questions have been handled adequately though less fully. Articles by officials have appeared: on the consular service, by Secretary Bryan; on the Department of Commerce, by Secretary Redfield; on the Department of Labor, by Secretary Wilson; on the valuation of railroads, by C. A. Prouty; on the safety-at-sea conference, by Commissioner of Navigation Chamberlain. These are all highly informative; and the contents of the magazine as a whole impress one as being very pertinent and valuable material presented in a lucid and readable manner. The influence of this magazine reaches farther than the membership of the chamber as it goes also to the editorial desks of the various newspapers of the country, where the information presented is most quickly molded into public opinion.

The bulletin service consists of two separate series of regular bulletins, the general and the legislative service. The former is a series of notices telling what information is available and where it may be obtained. The various departments of the government are constantly turning out a great volume of information, the result of the thorough labors of trained investigators, dealing with most widely varying subjects. The problem of the distribution of this information to the people with whom it will be most effective is almost as great a one as the actual securing of the data. A large amount of invaluable data, obtained at considerable expense, has accordingly only a limited range of circulation. It is the purpose of the bulletin service to put business men and organizations in touch with this governmental research work and to keep the knowledge of current achievements regularly before the business man's eye. This is accomplished through weekly bulletins, with special bulletins whenever occasion arises. These go only to members and are intentionally brief,

giving notices of new publications issued by the government, meetings of various associations of national importance, announcements of decisions by the Interstate Commerce Commission and other bodies, and many other matters. There is abundant evidence that the service performed by these bulletins is highly valued.

During the sessions of Congress still another important service is performed, the distribution of weekly reports on the large number of bills pending in Congress which are likely to be of interest to business men. Once a month a bulletin is printed giving a complete list of these bills with a short paragraph explaining the nature of each. This is followed by a weekly report giving the status, whether changed or not, of each bill. In this way interested persons or firms may see what bills have been introduced which will affect them, may obtain copies of these bills, and may follow their legislative progress. It needs no argument to show of how great benefit this will be to business men generally; and it is, moreover, a benefit which could be obtained in no other way except at an expense so great as to put it out of the question with the vast majority.

In the third line of possible endeavor, that of extending foreign trade, the Chamber of Commerce has a field of immense possibilities. As conditions are now, a house that finds it advisable to seek a market abroad must depend for its investigation of openings in the foreign field on either the consular service or the Bureau of Foreign and Domestic Commerce, or on its own independent efforts. It must solve for itself the new problems that arise and take the success of its venture largely into its own hands without material support from national or other organizations interested in the same field. This condition has resulted in a rather haphazard sort of trade, with many brilliant successes because of American enterprise and the general superiority of American goods, but it has resembled more a series of skirmishes and charges than the studied movement of a whole army. It is true that American foreign trade has mounted up to imposing figures, annual exports having totaled more than \$2,000,000,000 since 1911. But half of this has consisted of raw materials; and these, with many manufactured goods, sell largely as it were by their own weight. And, moreover, large as the total is, it is incidental by the side of the vast volume of internal exchange, with which our manufacturers are chiefly concerned. It is not strange, therefore, that the coöperative effort for the extension of our foreign commerce has been so long delayed. The Chamber of Commerce of the United States, representing the united commercial interests of the country at home, can very efficiently act

as the instrument of their united strength abroad, and perform for all American exporters something of the service now rendered to certain great corporations by their selling organizations in foreign countries.

Germany is, of course, the country which comes to mind immediately in connection with an organized extension of foreign trade; and it is in Germany that commercial organizations have set the pace in doing this work. There are, however, two vital points of difference between Germany's situation and our own. One is that Germany's prosperity depends so largely on having an outlet for her energies and her products in foreign trade, while with us foreign trade very often serves simply as an overflow basin for the disposal of a temporary surplus in production. When our factories enlarge their productive capacity to such an extent that the slackening of the domestic demand leaves them with surplus stock, they seek to "dump" their extra production on foreign markets, often at otherwise unprofitable prices. One well-known result of this is the Canadian "dumping" duty, enacted specifically to guard Canadian manufacturers against this practice of Americans. The other point of difference is that German commercial organizations are semi-official in character and the government is closely connected with their activities. The Chamber of Commerce of Hamburg, for instance, must report on trade and shipping interests to the Hamburg authorities, and holds certain appointive powers in connection with duties, taxes, emigration, trade schools, etc. It need hardly be said that any such connection between government and business would be impossible in this country at any time, and most especially so at a period like this when one of the most prominent features of American politics is the jealous watchfulness of the people on that very point.

The Chamber of Commerce, therefore, has no idea of setting up the successful work of similar bodies in Germany as a pattern, both because the primal impulse is lacking and because the important feature of government coöperation as found there is impossible here. Moreover, the United States already covers the foreign field to a certain extent with its 300 odd consular offices and the Bureau of Foreign and Domestic Commerce, which has special agents touring all parts of the world and reporting on special lines of trade. Still there are many things which such a body as the Chamber of Commerce could do very conveniently and which it will doubtless attempt as its field of service gradually widens. It could take the initiative in forming American chambers of commerce abroad and

working in coöperation with them. One is already established in the Levant with a large membership and another in Paris, both members of the Chamber of Commerce of the United States. It could establish and maintain in foreign countries museums of American products, and keep agents in the field to establish business connections. The Chicago Association of Commerce, in fact, already has such an agent in South America. It could supervise exhibits of American goods at foreign expositions; look after the advertising of American goods in foreign publications; conduct tours of foreign business men in the United States; establish lecture courses in the various cities of the United States by experts in foreign trade; investigate through its agents the standing of particular firms desiring credit; promote the rehabilitation of the American merchant marine; assist in the regulation of ocean freight rates and protest against those which become exorbitant; actively assist the consular service in the reporting of detailed information, much of which cannot be covered by consuls at present because of the pressure of other duties, limitations naturally applying to government officials, etc.; lend active assistance to the establishment of American banking and credit institutions abroad, now one of the crying needs of American commerce, especially in Latin-America; promote the establishment of direct steamer service to markets which now have to be reached from the United States by transshipment; and perform a multitude of other services outside the scope of the Bureau of Foreign and Domestic Commerce and too expensive for small associations. However, aside from publishing considerable information on various features of foreign trade, and authorizing a tourist in South America to represent the chamber, it has so far not entered actively on this branch of its work; when it begins to supply any such services to American exporters as those enumerated there is no doubt that its field will broaden quickly enough.

The machinery with which the Chamber of Commerce is going about its work is not elaborate, but with such minor changes from time to time as are found expedient is proving very practicable. The general direction of the work is in the hands of a board of directors of twenty-five besides the officers of the chamber, and the work itself is carried on by a general secretary and assistants, with headquarters in Washington. An executive committee is composed of twelve of the directors, and there are other standing committees on foreign commerce, domestic commerce, transportation, legislation, currency and banking, etc. The elective officers include a president, four vice-presidents, and a treasurer, chosen by the board of directors.

A unique feature is the national council, made up of one representative from each organization member. This council acts in an advisory capacity to the board of directors, and it is also one of the duties of each national councilor to see that every question submitted to a referendum vote is brought to the attention of the body he represents. Interest in the work of the chamber is stimulated by a force of field secretaries who are constantly traveling, under the direction of the president, securing new individual and organization members, observing and reporting on the work of active local bodies, and promoting the work of the chamber in general. They operate mostly from the three branch offices of the chamber established in New York, Chicago, and San Francisco. A plan of establishing several other branch offices was tried but abandoned. The standing committees of the chamber have been active; and one, the committee on statistics, attracted wide attention last spring through its publication of a map showing the state of business in different parts of the country, while another has been instrumental in having courses installed in leading universities for the training of commercial secretaries.

The annual dues of each organization member are fixed at approximately one half of one per cent of its annual income from membership fees, providing the total shall not be less than \$10 nor more than \$700. Individual members pay dues of \$25 each annually. Enrolled organizations are entitled to be represented at all meetings by one delegate and one vote for the first twenty-five members on its rolls and an additional delegate and vote for each two hundred members over twenty-five, no association, however, being allowed to have more than ten delegates and ten votes. A meeting of the chamber is held annually.

The new organization is thus fairly established and future prospects are bright. Twice before such an organization has been started, but in neither case has the field been adequately covered. One of these associations, the National Council of Commerce, was formed in 1907 but existed only two or three years. It was never truly representative and never really found itself. The other is the National Board of Trade, formed in 1868 and still in existence. It has been more or less active in the discussion of current questions of business interest, but cannot be said to be representative of the combined commercial organizations of the country. The fact that the attempt to establish such a representative has been made the third time is evidence of the need for it, and is practically an assurance that the association that fully meets this need will become permanent.

The best guarantee that the present body will carry on successfully the work for which it was created is the fact that the men behind it seem to have a clear conception of the scope of this work and its relation to the other activities of the country.

OTTO WILSON.

*Washington, D. C.*

AGRICULTURAL CO-OPERATION. Circular 94 of the New York State Department of Agriculture, called *A Manual on Coöperation* (Albany, 1914), reviews coöperative activity as it exists in New York state. The state maintains a Bureau of Coöperation within the Department of Agriculture, which not only keeps in touch with both distributive and productive coöperation throughout the state, but also renders active aid to whomsoever requests it. The circular contains much routine material, such as the obvious maxims of coöperation, sample by-laws for coöperative societies, information about the way in which to incorporate, and so on. Its real interest lies in the descriptions of two coöperative activities which have recently developed—the Citizens Coöperative Supply Company of Schenectady and the Hudson River Fruit Exchange, Inc. of Milton.

The Schenectady undertaking grew up among some of the skilled mechanics employed in a great industrial plant, and in order to lessen the cost of living by coöperative distribution of customary non-perishable groceries. The development was along familiar English or Rochdale lines. The Hudson River Valley experiment grew up among apple growers living in the vicinity of Newburgh and Highland. The development at first was solely along conventional fruit and berry marketing lines, and was eminently successful, as the association had the foresight to engage a capable and energetic manager, a man brought in from Minnesota. The chief point about the Fruit Exchange is the manner in which it expanded its operations from the marketing of produce to the purchasing of supplies. At the end of the first season (1912) the fall fruit crops were practically failures, and the manager devoted his energy to obtaining supplies more cheaply. Oats, selling locally at sixty-six cents, were brought direct from the northwest grain fields and sold for thirty-eight cents. This led to the purchase of bran, middlings, scratchfeed, corn, etc.; and over twenty carloads were disposed of during the first winter at a saving of \$2,500 to the members of the association. Later spray materials, fertilizers, and other heavy farming supplies were purchased in the same way. The first season, with a paid-in capital of

\$500, the association did a \$110,000 business. The second season a capital of \$1,200 provided for a \$232,000 business.

The North Carolina Agricultural Experiment Station of the College of Agriculture and Mechanic Acts (West Raleigh, N. C.) has issued Bulletin 225 (February, 1914) on *How Shall Farmers Organize?* It deals with the necessity for agricultural coöperation, and explains some of the pitfalls that are met with, as well as the technical methods of forming coöperative associations, etc.

The twenty-sixth number (1913) of the *Minnesota Farmers' Institute Annual* is devoted to coöperation. The *Annual* has 320 pages, of which a goodly number are advertisements; The whole book is a monument to close agricultural organization. The attendance at the 1913 meetings amounted to over 95,000; and apparently the economic advantages of coöperative activity, not only in creameries, but also in egg selling, cow testing, fruit growing, fire insurance, potato warehouses, elevators, laundries, cheese factories, groceries, etc., are beginning to be appreciated. Socially, coöperation is proving a success in the farmers' clubs of the state. The *Annual* contains much material regarding improved agricultural methods, as well as information about coöperation.

*Bryn Mawr College.*

F. A. DEWEY.

The Department of Commerce has published a pamphlet on *Commercial Organizations in Germany*, by Archibald J. Wolfe (Washington, 1914, Special Agents Series, No. 78, pp. 170). This includes a chapter containing a brief review of the principal German cartels whose object is to control output and prices. Most of the report, however, is devoted to chambers of commerce and similar organizations.

The Department of Commerce has also published: *Commercial Organizations in Southern and Western Cities*, by George W. Doonan (Special Agents Series, No. 79, pp. 54); *Cotton Goods in Portuguese East Africa*; by Ralph M. Odell (Special Agents Series, No. 82, pp. 35); and *South America as an Export Field*, by Otto Wilson (Special Agents Series, No. 81, pp. 216). The principal countries are here described according to their physical features, development of agriculture, mining, manufactures, transportation, and foreign trade.

The question of parcel post is further treated in a speech of Senator Bristow, February 25, 26, and 28, 1914, published in the *Congressional Record* (pp. 32). There is also to be noted *The Parcel-Post Rates*, statistical data submitted to the United States Senate by

Senator Bristow (Washington, 1914, Sen. Doc. No. 435, 63 Cong., 2 Sess.).

The proceedings of the first national conference on *Marketing and Farm Credits*, held in Chicago, April 9-10, 1914, has just appeared (pp. 229).

*The Papers and Proceedings of the Seventh Annual Meeting of the Minnesota Academy of Social Sciences* (Minneapolis, 1914, pp. 181) contains several papers on coöperation among which are to be noted "Coöperation in Minnesota," by L. D. H. Weld; and "Coöperation in wool marketing," by M. Brown.

### Corporations

**REPORT OF THE ST. LOUIS PUBLIC SERVICE COMMISSION ON THE ST. LOUIS WATER WORKS.** This is the third and final report issued by the St. Louis Public Service Commission, whose work was taken over by the state utility commission. It maintains the high standard set by the previous reports on the united railways and the telephone systems. It is of special value, if for no other reason than that an analysis of statistics of a large city water works plant is made for a long period of years, 1835-1912. The report gives a detailed history and description of the plant, itemized valuation of the parts, a discussion of the distribution system, and the financial development of the plant, in addition to the text of the report in which is discussed the more important economic questions involved in the valuation.

One of the purposes of the investigation was to determine to what degree the water works was self-supporting. The commission found that during the seventy-eight years of its existence the works had not been able to pay for itself and at the same time pay the interest on the bonds, although for many years it had paid operating expenses and had had a considerable surplus. Three tests were applied in testing its financial success:

- (1) Did it pay interest on the investment and a sum equal to the taxes which would have been received if the works had been privately owned?
- (2) Did it pay interest on investment, with no allowance for lost taxes?
- (3) Did the works return operating expenses and interest on outstanding bonds?

Under the second and third tests a favorable result was shown.

The commission states that a privately-owned public utility is entitled to that rate of return which will persuade money to enter the

business under full knowledge of the conditions. It deduces from this principle that a municipal-owned utility should be governed by this same principle, and the proper return which this publicly-owned utility should make is at least the cost of money realized from the sale of municipal bonds. It is doubtful if such a principle should be strictly applied. The cost of money realized from the sale of municipal bonds is the interest, and a plant is scarcely self-supporting if it returns only interest, even if the returns are sufficient to keep the plant in such a condition that no fund is set aside for depreciation. Again, if bonds are sold to purchase or install the plant, does it always follow that the return for the use of the plant should contribute nothing to the payment of the bonds? A water works system being so closely connected with the public health may well be provided for by general tax levies and it is conceivable that its service might be sold for less than cost of production. There is great danger, however, in attempting to apply to such public utilities as water works the principles of private business and investment. The report states that the taxpayers have contributed 70.5 per cent of the cost of the present water system, the bondholders 12.5 per cent, and the water users only 17 per cent. The taxpayers under the city charter cannot receive any compensation from the water user, since all revenues from the works must be used for water works purposes. It is argued that a fund should be built up from these revenues to secure a constant and adequate supply and not used to reduce the rates to users. The commission holds that depreciation can be calculated only roughly, for the life of pipes is so long and conditions of operation in different localities are so varied. Again, depreciation cannot be distinguished from maintenance in many cases.

Both the flat rate and water system is used, the former being supposed to be applied to the largest consumers. The commission recommends the installation of meters for all consumers, since under the present system the wasteful users are enabled to make the careful users pay for extravagant use of water. The flat system to householders makes possible an extravagant use, and some of the causes assigned for large use by residences are for sprinkling, to prevent pipes from bursting in winter, permitting the water to run, unnecessary lawn sprinkling, and for use in water-motor washing machines. The commission recommends a flat charge and a rate of 9 cents per thousand gallons for all users.

The report has much detailed and accurate information in the form of tables, not only as to valuation of particular parts of the plant, but also as to the finances of this plant during its long history.

Such reports as this commission has issued are of real value in deciding both the question of municipal ownership and that of public regulation of municipal utilities as compared with the too numerous glittering generalities about these problems. They show the result of a careful analysis of the operation of these utilities, and it is this character of the report, and not its *obiter dicta*, which is of greatest value.

W. F. GEPHART.

Volumes 2 and 3 of *Bills and Debates in Congress Relating to Trusts, Fifty-seventh Congress, Second Session to Sixty-third Congress, First Session, Inclusive, December 1, 1902 to December 1, 1913* (Washington, 1914, pp. 1115-2403) have just been published for the use of the Committee on the Judiciary of the House of Representatives. Volume 1 appeared in 1903, being published as Senate Document 147, 57 Congress, 2 Session.

An enormous amount of data relating to the railroad question may be found in the *Congressional Record* for May 12, 1914, containing the speech of Senator LaFollette. The speech itself covers only 8 pages, but the evidence extends a little over 350 pages. There is a diagram showing the influences bearing on the Interstate Commerce Commission.

The report of the Public Utilities Commission of the District of Columbia on *Telephone Service in District of Columbia* has been published as Senate Document No. 368 (Washington, 1914, 63 Cong., 2 Sess., pp. 56).

The address before the annual convention of the Association of Edison Illuminating Companies, December 11, 1913, on *Proper Bases for Valuation of Public Utility Properties for the Purpose of Rate Making*, by Professor D. C. Jackson of Massachusetts Institute of Technology, has been printed by order of the association (pp. 19).

Secretary Frederick R. Fenton of the Investment Bankers Association of America has just issued a forty-page bulletin embodying the report of general counsel to the Board of Governors on their work since last October. The report points out the results obtained in legislation, litigation, income tax rulings, and other subjects, besides showing the need of constructive legislation along certain lines. The subject of taxation is also reported upon. The Tennessee blue sky law, just passed, and the Ohio blue sky law, as recently amended, are printed in full. Another bulletin contains the opinion of counsel for the association on the operation of New York's new banking law. Under this law, which becomes operative October 31, 1914, resident

investment bankers and houses outside the state maintaining offices in the state will be prohibited from using the term "banker" or any of its derivatives.

The Bureau of Railway News and Statistics has issued *Railway Statistics of the United States of America for the Year ending June 30, 1913, Compared with the Official Reports for 1911 and Recent Statistics of Foreign Railways*, prepared by Slason Thompson (Chicago, 1914, pp. 137).

The judgment rendered in the case of the Board of Railway Commissioners for Canada in the matter of the complaint of the Vancouver Board of Trade alleging discrimination in freight rates by the railway companies operating in the province of British Columbia, and the consideration of the matter of rates for the carriage of freight traffic upon railway lines in Canada, west of Port Arthur, Ontario, has been printed (Ottawa, A. D. Cartwright, secretary, pp. 93).

Pamphlets relating to the railway question have been received as follows: *The Prejudice Against the Railways*, an address before the Chamber of Commerce, Lynchburg, Va., Apr. 30, 1914, by Fairfax Harrison, president of the Southern Railway Company (pp. 7); *Should Railway Rates be Raised? An affirmative Answer*, an address by William A. Hayes at the annual banquet of the Milwaukee Traffic Club, Jan. 20, 1914 (pp. 16); *The Fair Method of Paying for Transporting the Mails*, published by the Committee on Railway Mail Pay (Ralph Peters, chairman, Apr. 30, 1914, pp. 26); and *Testimony of Samuel Rea, President of the Pennsylvania Railroad Company, before the Interstate Commerce Commission in the Matter of Increased Freight Rates* (pp. 19).

A letter of Albert Halstead, United States Consul at Birmingham, England, transmitting reports of the results of *British Municipal Trading Undertakings*, has been published as House Document No. 710 (Washington, 1914, 63 Cong., 2 Sess., pp. 23).

### Labor

Bulletin 126 of the Bureau of Labor Statistics contains a collection of *Workmen's Compensation Laws of the United States and Foreign Countries* (Dec. 23, 1913, pp. 477). A broadside gives a useful digest. Bulletin 143 treats of the *Union Scale of Wages and Hours of Labor, May 15, 1913* (Mar. 4, 1914, pp. 150); and Bulletin 137 treats of *Wages and Hours of Labor in the Building and Repairing of Steam Railroad Cars: 1890 to 1912* (Dec. 31, 1913, pp. 89).

## Public Finance, Taxation, and Tariff

**THE NEW UNEARNED INCREMENT TAX IN ALBERTA.** The Province of Alberta, Canada, has won for itself the distinction of having enacted what is apparently the first unearned increment tax law to be placed upon an American statute book. By an act "assented to" October 25, 1913, and put into operation immediately, the province appropriates to itself one twentieth of all increases in urban land values.

The new tax is a source of provincial rather than local revenue. It is entirely independent of the municipal land taxes which have attracted such widespread attention to Alberta. Indeed, the present government, under the bold leadership of the Premier, the Hon. Arthur L. Sifton, has succeeded in making of Alberta a very close imitation of a single-tax paradise. The two largest cities in the province which operate under special charters, Calgary and Edmonton, have for some time received attention from taxation experts because of their system of taxes on the unimproved value of land.

Not content, however, with allowing the cities to serve as experiment stations for the single tax, the Legislative Assembly of the province some time ago exempted from taxation all improvements in the large number of minor municipalities which lie directly under its control. It has now supplemented this law with the new Unearned Increment Act. As a result of this legislation, practically all the local taxes, the only direct taxes levied, fall upon bare land values, and in addition the provincial treasury levies a special five per cent tax on the land-value increases. The law is so drawn that only in rare instances is the rate applied to other than urban lands. Section 3, subsection 1, of the act reads:

There shall be payable upon the registration under *The Land Titles Act* of any transfer of land a tax of five per cent on the increased value of the said land over and above the value thereof according to the last preceding value for the purposes of this Act, excluding in all cases the cost of improvement or development work actually made or done upon or in connection with the said land.

In addition to the allowance for the cost of improvements, exemption from the tax is extended to farm land, with certain limitations. Farm land is described as "undivided land of which at least ten per cent was under cultivation and which was actually and *bona fide* used by the transferor for agricultural purposes during the twelve months preceding the transaction which results in the transfer" (sec. 3, sub. 3). Excess area of such land beyond 640 acres, "in which the transferor was beneficially interested immediately before the transaction which results in the making of the transfer," is subject to

the five per cent levy, but only "to the extent of the excess value of the land transferred beyond the sum of \$50 per acre without improvements" (sec. 3, sub. 3). The revenue from such a levy on farm land would of course be negligible but the real purpose of this provision is doubtless social rather than fiscal. It is evidently intended to discourage the practice of building up large estates.

The 1913 municipal assessments were adopted, at the suggestion of Provincial Treasurer C. R. Mitchell, as a level from which increases in value might be measured. This course saved the provincial government the expense of making a general assessment. But assessments were available only for the lands included within the municipalities at the time of the passage of the act, October, 1913, for until recently direct taxes in Alberta on land in the country have been levied on an acreage basis. To meet this situation the act provides that lands brought within corporation lines after that date be given an arbitrary initial valuation of \$15 per acre (sec. 14). Much of the land which has been or is about to be annexed to the various municipalities is worth more than this amount, a great deal of it being valued at more than \$1,000 per acre. An initial valuation higher than \$15 per acre may be obtained if the owner cares to demand it of the registrar of land titles within a year; but the initiative must come from the land-owner. Thus the provincial government escapes the expense of any assessment at all. But the owners of these outlying tracts have thus far shown little disposition to seek a high initial valuation for their lands. The officials feel that this is because of carelessness and they anticipate loud complaint when the year of grace shall have expired and the \$15 minimum is enforced.

To assist in the administration of the law, the secretary-treasurer of every municipality is required to furnish the registrar of land titles with a copy of his assessment roll as finally revised (sec. 5, sub. 1). The registrar must then note the assessed value upon the certificate of title of each parcel of land (sec. 5, sub. 2). Payment of the tax is made a necessary condition to the registration of the transfer (sec. 6). No tax is levied upon the registration of any land grant from the crown or upon the transmission of the land of a deceased person to his heirs (sec. 3, sub. 2).

To prevent fraud through misstatements of the purchase prices of lands, it is provided, through amendments to the Land Titles Act, that both transferor and transferee shall take oath as to the consideration involved (sec. 117, sub. 2). Moreover, if the registrar is not satisfied that the sworn statements are correct, he may cause an inde-

pendent valuation to be made, which shall be binding for the purposes of the act (sec. 117, sub. 4). It is the opinion of the officials that some misstatements are made in the transfers in spite of these provisions, but they feel that these are not of particular moment. "If the value is not caught this time, it will be the next" is their attitude.

The fiscal results of first six months of the new tax have not come up to the expectations of the government. The average monthly revenue has been approximately \$3,500. It is confidently expected that the total returns for the year will amount to at least \$50,000, but the past winter has been one of depression in Alberta. With a return of real-estate activity the tax will become of very much greater fiscal significance.

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*The Transactions of the Commonwealth Club of California* for May, 1914 (vol. IX, no. 4, pp. 229-303), contains the text of the committee reports and addresses presented to the club on the six tax amendments of the constitution now before the voters of the state to be passed upon at the November election. Three of these amendments provide exemption for colleges and shipping, and grant local option in the exemption of other property. The other three subject to taxation the property of counties and cities located outside of their boundaries, abolish poll taxes, and limit the privilege of voting on bond issues to taxpayers.

C. C. W.

An intimation of an unusually high degree of efficiency in the assessment of property in the state of Wisconsin is found in a pamphlet recently issued by the state tax commission, *How to Assess Property in Cities and Rural Towns. Practical Suggestions*, by H. V. Cowles and J. H. Leenhouts (Madison, 1914, pp. 62).

C. C. W.

The State Board of Accounts, of Indiana, has published *Indiana Statutes relating to Fees and Salaries, concerning the Fees and Salaries embracing all State Institutions, State, City, Town, County and Township Officials of the State of Indiana* (Indianapolis, 1913, pp. 312).

The Extension Division of Indiana University has published in Indiana University Bulletin, Vol. XII, No. 4., *Proceedings of a Conference on Taxation in Indiana*, held February 5-6, 1914 (pp. 189). Among the addresses are "Defects in the taxation of corporations," by O. L. Pond; "Some features of the Michigan system," by Professor Friday; "Taxation of the unearned increment," by Professor J. F. Johnson; "The appointment and supervision of local assessors," by

T. S. Adams; "Taxation of money and credits in Minnesota," by Professor Phelan; and "Classification of land for purpose of taxation," by Professor Rawles.

### Insurance and Pensions

**STATE POWER TO REGULATE INSURANCE RATES.** The power of a state to regulate the rates for insurance has recently been upheld by the Supreme Court of the United States in the case of the *German Alliance Insurance Company v. Lewis*. Kansas passed a law, requiring every fire insurance company doing business in the state to file with the superintendent of insurance the schedule of rates. The superintendent of insurance was given the power to compel the company to raise or lower the rates. The question reached the Supreme Court through a bill in equity to restrain the enforcement of the act on the ground that there was a denial of equal protection of the law, granted by the fourteenth amendment to the Constitution of the United States. This was true, it was alleged, because under the Kansas law farmers' mutual insurance companies were exempted from the provisions of the act. The act further distinguished between fire insurance companies and other insurance companies, individuals and persons, and also between insurance and other lines of business, thus further violating the equality treatment of the fourteenth amendment.

The decision hinged upon the question whether insurance is a private business or one which has become so affected with a public interest as to justify a regulation of its price by public authority.

It was argued on the one hand that fire insurance is a private business and that regulating its price constitutes the taking of private property for a public use; further, that the business of insurance is a natural right, receiving no privilege from the state, is voluntarily entered into, and cannot be compelled. However, the court stated that the essential question was whether a contract of fire insurance is private, or the business of insurance so far affected with a public interest as to justify legislative regulation of its rates. The court then reviews the businesses which have become so considered and admits that in most instances these cases have referred only to property contracts and not to personal contracts, since the fire insurance contract is a purely personal contract.

The court discusses the *Munn v. Illinois* case and its implications and applies the reasoning of that case to the one under consideration. It is pointed out that the insurance contract, although a personal one, is now subjected to various kinds of regulation on the ground that the

character of the contract brings into it important public interests, as, for example, the maintenance of solvency and the protection of a large part of the wealth of the country by the insurance contract. It is a practical necessity in modern business transactions and is, therefore, different from the ordinary commercial contracts. Finally, the court holds that it is not a question whether such regulation of rates is necessary. This is a legislative question. The function of the court was to determine the existence of such a power to regulate these rates and this it does affirm.

The dissenting opinion delivered by Mr. Justice Lamar and concurred in by the Chief Justice and Mr. Justice Van Devanter is quite as interesting as the majority opinion. This opinion holds that the statute in question does not deal with public safety or morals or monopoly, but refers wholly to the fixing of the price of a strictly personal contract. It holds that the law does take private property in violation of the Constitution. It follows, therefore, state the dissenting judges, that if the power to regulate includes the power to fix the price in private contracts, the price for any service or commodity can be regulated by the general assembly.

It is argued that the Munn case fixed the price of property once of a private but later of a public nature. The dissenting opinion clearly holds that the fire insurance contract is of private nature and that no public interest is so involved as to justify a regulation of its price.

Summing up the case one finds that it rests upon an interpretation of what constitutes a public interest. With the increasing development of business of a national character, one finds the twilight zone extending and all rules for the location of points are increasingly difficult to apply. The situation in regard to the legal status of insurance is growing increasingly complex.

During the present term, in the Deer Lodge case, the Supreme Court has again held that insurance is not interstate commerce, and the present decision both in the majority and minority opinions emphasizes the power of the state over insurance. Those who are arguing for state insurance may well receive some encouragement from the fact that the highest court holds that it is affected with such a public interest as to justify public regulation. Private insurance officials also add strength to the argument for state insurance by frequently arguing that insurance is not a business for profit, thus again emphasizing, although unintentionally, the public aspects of insurance. Probably many will find the dissenting opinion the stronger, but it is difficult to agree with that part of the opinion which holds that the

price in all private contracts can be regulated because it so happens that one private contract in which a public interest is involved has its price regulated.

The real distinction would seem to be not only between private and public contracts, but also between private contracts with a public interest involved and those without such an interest.

W. F. GEPHART.

### Demography

THE PROBLEM OF IMMIGRATION IN MASSACHUSETTS. The Massachusetts Commission on Immigration, appointed in 1913, has concluded its work and issued an admirable report (*Report of the Commission on Immigration on the Problem of Immigration in Massachusetts*, H. Doc. No. 2300, Boston, 1914, pp. 295). The investigation followed in general the lines of the New York State Immigration Commission appointed by Governor Hughes in 1908. The scope of the work was broad, covering all phases of the immigration problem, as it applies to Massachusetts, including the history of immigration to the state, distribution of immigrants, housing, occupations, the immigrant and public morals, the education of the immigrant, naturalization problems, abuses and frauds to which the immigrant is peculiarly liable, immigrant savings banks, notaries public among immigrants, the immigrant and improved medical standards, the problems of dependency among immigrants, the foreign language press, and organizations for self help among immigrants. The report ends with an outlined state immigration policy.

The appointment of state commissions on immigration is an indication of a changed public attitude toward the whole problem of the alien. Until within recent years we have been interested almost exclusively in the question of the admission or rejection of the immigrant, of the open or closed door at the port. But that was a national, not a state problem. What does concern the state, however, is the whole series of relations and adjustments between the immigrant and the resident, between the alien and the citizen, and it is now coming to be recognized that the immigrant, and especially the immigrant ignorant of English, needs the special protection of the law and of public opinion. "The investigations," says the resolve of the legislature under which the commission was appointed, "shall be made with a view to obtaining information for the enactment of such laws as will bring non-English-speaking foreigners, resident or transient, into sympathetic relation with American institutions and customs."

The conclusions of the commission are entirely consonant with the spirit of this resolve:

The state must, at whatever cost, prevent the lowering of its moral, mental and physical standards,—the inevitable result of overwork, underpay, unregulated housing in overcrowded tenements. By provision and enforcement of an adequate plan of education it must dispel the ignorance which begets prejudice, makes the uninformed the victims of reckless agitation, and substitutes violence for constitutional methods of securing redress. If the state is unwilling to meet the cost of thus safeguarding its own interests by promoting the welfare of its immigrant population, then it is not difficult to forecast the overthrow of those democratic institutions which are the result of patient, persistent struggle, century after century, by countless thousands, who have devoted life and fortune to the achievement of liberty under the law.

It is impossible within the limits of a short review to give an adequate conception of the amount and quality of material gathered by this commission. The form in which the document is prepared is excellent, and the text is illuminated by many photographs, some original and some printed before. The appendix consists of a series of statistical tables bearing on foreign immigration to Massachusetts.

The recommendations of the commission cover a very wide field—education, naturalization, distribution, agricultural opportunities, housing conditions, crime, court procedure, savings banks, etc. In general, these recommendations are all in the direction of an extension of educational and other opportunities for the alien, and his greater protection against the manifold dangers to which ignorant and inarticulate new-comers are exposed in a strange land. I shall note here only two or three of the many recommendations of the commission, *viz.*, that a bureau of employment shall be organized under the Board of Labor and Industries, and that the supervision of the present state free employment offices shall be transferred to this bureau; and that a state board of immigration be established (with wide powers). It is also recommended: "in order that the immigrant, whose ignorance of English places him so peculiarly at the mercy of shyster lawyers, may be insured the fair trial which our law intends . . . that the state shall provide attorneys for the defence or 'public defenders.' "

WALTER E. WEYL.

The Bureau of the Census, in Bulletin 122, has published *Estimates of Population 1910, 1911, 1912, 1913, 1914* (Washington, 1914, pp. 24). This contains estimates for cities which had 8,000 or more inhabitants in 1910, and is a continuation of Bulletins 7 and 71 issued in 1904 and 1907.

In part III of the *Annual Report of the Secretary of Internal Affairs of Pennsylvania*, on *Industrial Statistics, 1912*, there is (pp. 20-195) "A study of the industrial conditions of the negro population of Pennsylvania and especially of the cities of Philadelphia and Pittsburgh," by Dr. R. R. Wright, Jr. This study is based on a house to house canvass. In the conclusions it is stated that the negro population has a larger proportion of workers than the total population, showing that the negro race is not a burden to the state; that the large proportion of negroes are immigrants coming to the state after they reach the age of fifteen; that the size of the negro family does not show that the race reproduces itself, marriage being unduly postponed. The study as a whole represents a wide range of investigation based upon concrete data.